

STATE OF ILLINOIS)
)
COUNTY OF VERMILION)

OFFICIAL FILE

I.C.C. DOCKET NO. 00-0337-0339
CIWC Exhibit No. 2.0R + 2.1R

Witness Cummings
Date 11/17/00 Reporter Eric

AFFIDAVIT

I, Craig M. Cummings, first being duly sworn upon oath depose and say that I am employed by Consumers Illinois Water Company, as Executive Vice President and General Manager; that I have read the attached and foregoing Rebuttal Testimony of Craig M. Cummings in Docket Nos. 00-0337, 00-0338 and 00-0339 (consolidated), which is identified as CIWC Exhibit 2.0R, as well as CIWC Schedule 2.1R, which is attached thereto; that these documents were prepared by me or under my supervision and I know the contents thereof; that said contents are true in substance and in fact; and that CIWC Exhibits 2.0R through 2.1R are the testimony and exhibit I wish to give in this proceeding.

Further affiant sayeth not.

Craig M. Cummings
Craig M. Cummings

Subscribed and Sworn
to before me this
10 day of November, 2000.

[Signature]
Notary Public

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REBUTTAL TESTIMONY

OF

CRAIG M. CUMMINGS

CONSUMERS ILLINOIS WATER COMPANY

DOCKET NOS. 00-0337, 00-0338, 00-0339

Consolidated

September 29, 2000

1 **WITNESS IDENTIFICATION AND BACKGROUND**

2 **Q. Please state your name and business address.**

3 A. Craig M. Cummings, 322 North Gilbert Street, Danville, Illinois 61834.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am Executive Vice President and General Manager of Consumers Illinois Water
7 Company ("CIWC" or "Company").

9 **Q. Are you the same Craig Cummings who submitted direct testimony in this**
10 **case?**

11 A. Yes.

12 **Q. What is the purpose of your Rebuttal Testimony?**

13 A. The purpose of my Rebuttal Testimony is to respond to testimony submitted in
14 this proceeding by I.C.C. Staff Witness Ms. Diana Hathhorn regarding 1) 1997,
15 1998, and 1999 plant additions in the Vermilion Division, 2) pro forma plant
16 additions, 3) revisions to the pro forma plant additions and 4) CPR procedures. I
17 sponsor CIWC Exhibits 2.0R and Schedule 2.1R.

18 **PLANT ADDITIONS**

19 **Q. At page 18 of her testimony and as detailed in I.C.C. Staff Exhibit Schedule**
20 **1.13V, Ms. Hathhorn proposes to adjust rate base to disallow certain**
21 **portions of historical plant additions from 1997, 1998 and 1999. Would you**
22 **comment on Ms. Hathhorn's position?**

23 A. Yes. Ms. Hathhorn was supplied with information that was difficult to compile
24 due to a couple of significant events affecting the retrieval of this information,
25 which include the complete transition from the previous Company financial
26 software package known as CDIS to the Lawson financial software package in
27 mid-1998. Additionally, the accounts payable records for the Vermilion County
28 Division were moved to the Kankakee Corporate office in 1998. Both of these
29 events made retrieval of verifying documentation much more tedious than
30 expected. However, all the verifying documentation has been provided to Ms.
31 Hathhorn as requested.

1 **Q. At page 18, Lines 354-357, Ms. Hathhorn has suggested that her adjustment**
2 **to the historical rate base may change if additional plant can be verified.**
3 **Would you comment on this?**

4 **A.** Yes. We have provided Ms. Hathhorn with the requested information to verify the
5 historical plant additions for 1997, 1998 and 1999. Therefore, these items should
6 be included in rate base. Additionally, beyond the accounting documentation that
7 has been provided to Ms. Hathhorn, the Company can physically show that the
8 plant additions have been in use, benefiting the Vermilion County Division
9 customers since they were placed in service in 1997, 1998 or 1999.
10

11 **Q. At page 24 Lines 480-484 of her testimony, Ms. Hathhorn expresses concerns**
12 **over the Vermilion County Division's pro forma plant additions. Would you**
13 **comment on these concerns?**

14 **A.** Yes. Ms. Hathhorn has requested and been provided with updates concerning the
15 monthly progress of the Vermilion County Division's construction projects.
16 Additionally, documents supporting the total dollars committed to projects
17 through actual expenditures, contracts, capital authorizations, and work orders
18 have been provided. The Company's regulatory facilities construction project, of
19 which the nitrate removal plant is a part, is slightly behind schedule. The slippage
20 in schedule will not affect the start-up of the plant (scheduled in late
21 November/early December) nor the in-service date in mid-December. The
22 slippage in schedule is primarily due to the delay in some of the equipment
23 ordered from outside vendors. The few items that have been delayed (but since
24 are either on-site or scheduled for delivery) and other large equipment items that
25 were delivered on time are generally large-cost items. These items have always
26 been scheduled to be delivered and installed in the latter stages of the project. A
27 project this large and complex project must have months of preparation before the
28 equipment is delivered on-site. That is the case with this project; the project
29 remains on-budget, will be completed and in-service by mid-December and has
30 several large invoices (due to scheduled large equipment deliveries) budgeted to
31 be paid in the remaining four months of the year. As an example, the Company

1 received an invoice from the contractor in mid-September for \$716,000, or
2 approximately 20 percent of the overall contract cost.

3 **Q. Can you provide details on the major areas of the Regulatory Facilities**
4 **Construction Project?**

5 A. Yes. The construction project is actually designed to address the most visible and
6 critical regulatory issue – nitrates – but also several additional regulatory issues as
7 well. To that end, the project was designed in several functional areas: raw water
8 intake; filter improvements; carbon feed system improvements; disinfection
9 improvements; and control systems improvements; and the nitrate removal plant.
10

11 **Q. What is the status of each of the projects in the functional areas at this time**
12 **with respect to construction percentage complete?**

- 13 A. ♦ Raw Water Intake. Construction is approximately 90 percent complete at this
14 time. The intakes have been constructed in the river, the pipeline has been
15 laid, and the backflushing equipment is in place. The electrical connections
16 and control system programming is all that remains. The intake will be in
17 service by mid-October.
- 18 ♦ Filter Improvement. This part of the overall project approximately 30
19 percent complete. The electrical conduit and connections have been made
20 but the electrical operations have yet to be installed. The filter improvements
21 will be in service by mid-November 2000.
- 22 ♦ Carbon Feed System Improvements. These improvements are approximately
23 90 percent complete at this time. The new concrete structure including the
24 electrical work is complete. The mixer and dust collector are set to be
25 installed by the end of September. The entire carbon system will be
26 operational by mid-October.
- 27 ♦ Disinfection System Changes. These are approximately 40 percent complete.
28 The wiring is in place as is the chemical piping. The chemical feed pumps
29 have yet to be set. The entire disinfection system will be operational by mid-
30 November.

- 1 ♦ Control System Upgrades. These include the change-out of all the existing
2 programmable logic controllers ("PLC"), integration of the PLCs into the
3 new software package, and integration of all the new or enhanced systems
4 (raw water intake, bulk carbon system, filter controls, disinfection system and
5 nitrate removal plant) into the Supervisory Control and Data Acquisition
6 ("SCADA") system. All existing PLCs have been changed out and the new
7 SCADA program has been installed. Each new or enhanced functional area
8 that comes on line is integrated into the system at that time. The SCADA
9 system changes are approximately 75 percent complete at this time and will
10 be entirely complete by mid-December 2000.
- 11 ♦ Nitrate Removal Plant. Construction is approximately 65 percent complete at
12 this time. The building is complete, the majority of the piping is in the plant,
13 the nitrate removal vessels have been set, booster pumps are in place, the
14 nitrate waste tank is complete, and some of the associated smaller piping and
15 electrical work has been completed. The influent and effluent connections
16 have yet to be made, the nitrate waste line is not yet installed (it is planned
17 for early October) and the nitrate removal media must be placed in the
18 vessels. The balance of the SCADA system programming must be done as
19 well. The nitrate removal plant will be in service in early December 2000.

20 **Q. Are there any other circumstances that may alleviate Ms. Hathhorn's**
21 **concerns over the Vermilion Division Nitrate Plant?**

22 **A.** Yes. I would point out that the majority of the nitrate plant outside work is either
23 complete or will be completed by the end of October. The balance of the work to
24 finish the project will be completed in the nitrate building, which is a lighted,
25 climate-controlled building. Therefore, inclement weather will not be a factor in
26 completing the project. Additionally, the contractor has stated that they will put
27 on a second shift to work within this building if it should become necessary.
28 However, at this time that does not appear to be necessary.

1 **ADJUSTMENTS TO THE 2000 PLANT ADDITIONS**

2 **Q. Are there any adjustments to the plant additions for 2000?**

3 A. Yes. The Company recently learned that the City of Danville will be completely
4 reconstructing a major street of which our water main and associated
5 appurtenances will be in conflict with this construction.

6 **Q. Was this project in the original submission?**

7 A. No. It was not known at the time of filing.

8 **Q. Can you elaborate on this project?**

9 A. Yes. The City of Danville will be expanding East Voorhees Street from Griffin
10 Street east to Michigan Street. The project will involve complete reconstruction
11 from a two-lane street to a three lane, 80,000-pound concrete street/truck route
12 with installed storm drainage. This 2,700-foot project will require the 12-inch
13 water main and associated appurtenances to be relocated as they will conflict with
14 the road construction and new storm water drainage system in many locations.
15 The project is estimated to cost \$375,000 and take approximately six weeks to
16 complete. Currently, the Company is working on engineering plans and the
17 necessary permits. The project will then be bid with a completion date by
18 December 31, 2000.

19 **Q. Why is it necessary to complete this significant project in the year 2000?**

20 A. As is the case with most road reconstruction projects, the work progresses from
21 the underground facilities – primarily the subsurface utilities – and finishes with
22 the surface improvements, including the actual road surface construction.
23 Therefore, we would be expected to complete our work in the very early stages of
24 the project. Since the road project is under design at this time and construction
25 could begin as early as the first of the year, we intend to relocate our facilities by
26 December 31, 2000.

27 **CPR RECORDS**

28 **Q. On ICC Staff Exhibit 1.00, page 18, lines 366, continuing through page 19,**
29 **lines 368 through 372, Ms. Hathhorn indicates that the Company has agreed**
30 **to change the procedure of handling the CPR by designating a CPR person**
31 **in the Vermilion County Division. Has this person been so designated?**

1 A. Yes. In the Vermilion County Division, we have a CPR person who will be the
2 co-ordinator of all retirements and capital authorizations. In addition, all
3 Vermilion County Division managers have been instructed in the new CPR
4 procedures, which includes the quarterly booking of retirements.

CIWC Schedule 2.1-R

CIWC REGULATORY FACILITIES CONSTRUCTION PROJECT

Project Budget	Expenditures through August (Includes Change Orders)		Budgeted Expenditures September through December
Non-Construction costs (design, studies, engineering, permits etc.)	\$ 1,500,000	\$ 1,413,164.00	\$ 86,836.00
Construction costs			
Bid	\$ 3,530,100	\$ 1,735,296.57 *	\$ 1,794,803.43
Change Orders (5% of construction costs)	\$ 175,000	\$ 259,373.00 ^	\$ 65,000.00
Total Construction Costs	\$ 3,705,100	\$ 1,994,669.57	\$ 1,859,803.43
Construction Management	\$ 165,000	\$ 59,168.99	\$ 105,831.01
Capitalized Interest	\$ 300,000	\$ 109,291.31	\$ 190,708.69
Contingencies, other costs and overheads	\$ 329,900	\$ 46,554.82	\$ 134,000.00
TOTAL	\$ 6,000,000	\$ 3,622,848.69	\$ 2,377,179.13

* - Please note that these construction costs do not include the September invoice of \$ 717,525 which will show up in October's summary. The invoice paperwork has already been forwarded.

^ - Includes Change Order # 1 of \$145,373 and # 2 of \$117,648. Both Change Orders have been submitted to the Staff.